

S E C R E T

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MEMORANDUM FOR: [REDACTED]
Assistant Legislative Council

SUBJECT: Legislation - S. 4140

1. There is a need to protect the international monetary system from the mischief inherent in large scale revenues. Therefore, the US and other industrialized countries should have the authority to monitor the in and outflow of petrodollars and the movement of foreign funds within the US.

2. Foreign governments may object to this change in the traditional US policy of free access to US financial markets (stock and investment funds); however, changed circumstances (a doctrine used by the Arabs in connection with voiding previous agreements on pricing and concessions) undeniably make such a change necessary.

3. However -- and this is an important factor:

There should be no participation by intelligence agencies (lines 2 to 5 on page 2) in the task force set up by Congress.

Foreign governments will use the official participation of the intelligence agencies as further evidence of covert operations on the part of the US government in foreign lands to obtain information on the flow of petrodollars.

Critics of the US will use this as additional evidence of US interference in the internal affairs of foreign governments -- in violation of the UN charter.

Although we are consistently accused of this, we ought not to provide the evidence.

4. Obviously, CIA and DIA ought to provide information to the task force on petrodollars -- but they should not have official (publically designated) role. The bill should mention neither CIA or DIA. If, after the

creation of the task force, CIA and DIA are asked to participate in an informal (non-voting) role -- that's a totally different matter.

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